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FOREIGN CROPS and MARKETS

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF FOREIGN AGRICULTURAL RELATIONS

WASHINGTON, D. C.

Vol. 45

September 21, 1942

No. 12

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LATE FOREIGN DEVELOPMENTS

ARGENTINA: Second official acreage estimate for 1942-43 in thousand acres with 1941-42 final estimate of sown acreage in parentheses: Wheat 16,065 (18,038), oats 3,332 (3,519), barley 1,854 (1,972), rye 2,415 (2,661), and flaxseed 6,105 (6,746).

CANADA: Frost on the night of September 5 destroyed about 6,000,000 pounds of unharvested flue-cured tobacco in the northern half of Norfolk County and adjoining areas of Ontario; also 800,000 pounds of that type remaining unharvested in Quebec. (See Foreign Crops and Markets of September 14, 1942, for estimate of crop prior to frost.)

DENMARK: Newspapers indicate that livestock numbers in 1942 suffered a considerable decrease, especially hogs and poultry. An egg-export ban is anticipated due to a serious decrease in poultry stocks following the shortage of feed supplies.

* * * * *

G R A I N S

CANADA HARVESTS RECORD GRAIN CROPS . . .

The first official estimate of the 1942 wheat crop in Canada is placed at the all-time record level of 615,243,000 bushels, according to the Dominion Bureau of Statistics at Ottawa. The current crop is estimated at almost double the small 1942 production of 311,825,000 bushels, and considerably exceeds the previous 1928 record of 566,726,000 bushels. This year's unprecedented harvest is the result of exceptionally favorable weather conditions in the Prairie Provinces during the growing season and the record amount of summer-fallowed land available for wheat growing. The total acreage planted to wheat for this year's harvest is slightly below the 1941 figure and is the smallest acreage harvested since 1925, but unequalled yields per acre have resulted in this record crop. Of the total production, 591,246,000 bushels are spring wheat and 23,997,000 fall wheat.

CANADA: Acreage and production of grains, averages 1909-1913,
1923-1937, annual 1938-1942

Year of harvest	Wheat	Oats <u>a/</u>	Barley	Rye
	<u>1,000 acres</u>	<u>1,000 acres</u>	<u>1,000 acres</u>	<u>1,000 acres</u>
<u>ACREAGE</u>				
Average -				
1909-1913 ...	9,945	9,597	1,574	117
1923-1927 ...	22,017	13,483	3,374	896
1928-1932 ...	25,562	12,972	4,783	970
1933-1937 ...	25,054	13,538	3,985	701
1938	25,930	13,010	4,454	741
1939	26,756	12,790	4,347	1,102
1940	28,726	12,298	4,342	1,035
1941 <u>b/</u>	21,882	12,266	5,304	958
1942	21,586	13,782	6,973	1,337
<u>PRODUCTION</u>				
	<u>1,000 bushels</u>	<u>1,000 bushels</u>	<u>1,000 bushels</u>	<u>1,000 bushels</u>
Average -				
1909-1913 ...	197,187	397,024	45,275	2,094
1923-1927 ...	403,714	466,522	89,970	14,778
1928-1932 ...	411,261	399,071	104,404	12,718
1933-1937 ...	247,821	332,173	73,224	5,708
1938	360,010	394,593	102,242	10,988
1939	520,623	408,432	103,147	15,307
1940	540,190	404,309	104,256	13,994
1941 <u>b/</u>	311,825	324,673	110,566	11,659
1942 <u>c/</u>	615,243	702,011	272,910	26,494

Compiled from official sources.

a/ Production in United States, bushels of 32 pounds. b/ Provisionally revised to conform with the 1941 census data. c/ First estimate.

In the Prairie Provinces the 1942 wheat crop, placed at 587 million bushels, is twice the size of the 1941 crop in these Provinces, whereas acreage shows a small decline. Of the three Provinces, Saskatchewan made the sharpest advance in per-acre yield, showing 28.3 bushels this year, as compared with the low yield of 11.9 bushels in 1941 and the previous record of 25.1 bushels in 1915. While production in Alberta reached a record figure, the indicated yield per acre of 29 bushels is still below that of 1915, when it was 31.1 bushels. In Manitoba, though production is virtually unchanged from that of last year, the per-acre yield is 6 bushels higher than in 1941 and 2.1 bushels higher than the previous record of 1915. The estimates for Manitoba and Saskatchewan include durum wheat, the 1942 total being estimated at 9.7 million bushels.

Heavy rains and cool weather during the growing season delayed crop development, and harvest operations in the Prairie Provinces were reported to be about 3 weeks later than in the past several years. Cutting became general in Saskatchewan and Alberta as late as the first week in September. Harvesting in all three Provinces was held up during the last week of August as the result of showers and heavy rains, which reached cloudburst proportions in parts of Saskatchewan. Since that time, however, favorable harvesting weather has prevailed over these Provinces much of the time, and harvesting is reported to be proceeding actively. In Manitoba cutting was nearing completion, and threshing became general around September 10. At the same time, it was estimated that more than 30 percent of wheat and more than 50 percent of coarse grains had been cut in Saskatchewan, where considerable lodging is reported in some districts. The successful harvest of this lodged grain will have a bearing on the final production results. Cutting was reported to be under way in all districts of Alberta, and threshing was beginning in the southern and eastern portions of the Province.

The delayed harvest makes a definite appraisal of quality impossible at this time. In general, it is said that the crop is well filled and with favorable weather during harvesting, wheat in Manitoba and central and southern Alberta should reach the top grades. Wheat in northeastern Alberta and in northwestern Saskatchewan, however, is expected to have grades lowered as a result of frost suffered there on the morning of September 2. Early samples, grading No. 2 Northern, from southern and southwestern Saskatchewan are reported to show a high percentage of mottled kernels.

Feed grain supplies for Canada are now the largest in history as the result of record production of both oats and barley, in addition to the record wheat crop. Acreage increases for both oats and barley combined with new high yields resulted in an unprecedented supply. For all Canada the 1942 production of oats, placed at 702,011,000 United States bushels, is more than twice the size of last year's crop and well above the preceding record of 599 million bushels in 1923. The 273-million-

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bushel barley crop is almost two and a half times as large as the 1941 crop and much higher than the previous record of 136 million bushels in 1928. Both acreage and yields of rye were higher this year than in 1941 and the production of 26,494,000 bushels is second only to the record crop of 1922. The 1942 production of hay and clover, placed at 15,498,000 tons, shows an increase of 2,866,000 tons over the estimate for 1941 of 12,632,000 tons.

These large grain supplies create a critical storage problem. On July 31, combined stocks of old-crop grains in Canada were estimated at around 445 million bushels, which already occupied a large part of the commercial grain storage facilities, estimated at around 600 million bushels. With 1942 production estimates for all grains totaling around 1,615 million bushels, it is quite obvious that most new-crop grain must remain on the farm, and a substantial part will probably have to be stored on the ground and in temporary bins.

PRAIRIE PROVINCES: Acreage, yield per acre, and production
of grains, 1941 and 1942

Province and grain	Acreage		Yield per acre		Production	
	1941 a/ acres	1942 b/ acres	1941 a/ Bushels	1942 b/ Bushels	1941 a/ bushels	1942 b/ bushels
<u>Manitoba</u>	1,000	1,000			1,000	1,000
Spring wheat ..	2,442	1,930	20.9	26.9	51,000	52,000
Oats c/	1,308	1,480	33.9	50.2	44,306	74,375
Barley	1,531	2,021	26.1	39.6	40,000	80,000
Rye	176	184	16.0	20.3	2,818	3,744
<u>Saskatchewan</u>						
Spring wheat ..	12,217	12,353	11.9	28.3	145,000	350,000
Oats c/	4,030	4,902	19.1	56.4	77,031	276,250
Barley	1,661	2,468	16.1	39.7	26,700	98,000
Rye	525	847	10.1	19.2	5,311	16,295
<u>Alberta</u>						
Spring wheat ..	6,481	6,370	15.0	29.0	97,000	185,000
Oats c/	2,799	3,284	24.2	57.2	67,788	189,125
Barley	1,543	1,925	18.1	40.0	28,000	77,000
Rye	160	215	11.6	21.6	1,860	4,654
<u>Total</u>						
Spring wheat ..	21,140	20,653	13.9	28.4	293,000	587,000
Oats c/	8,137	9,666	23.2	55.8	189,125	539,750
Barley	4,735	6,414	20.0	39.8	94,700	255,000
Rye	861	1,246	11.6	19.8	9,989	24,693

Compiled from official sources. a/ Provisionally revised to conform with the 1941 census data. b/ Preliminary. c/ Production and yield per acre in United States bushels of 32 pounds.

IRELAND'S 1942 GRAIN PROSPECTS FAVORABLE . . .

The 1942 grain crops of Ireland were reported in good condition with high yields expected on an expanded acreage if harvest conditions are normal, according to information recently received in the Office of Foreign Agricultural Relations. These favorable prospects are the result of good weather during much of the growing season, which largely overcame the handicap of drought and low temperatures following the spring seeding of grains and the lack of fertilizer.

Wheat acreage in Ireland has expanded greatly during the past decade. The first significant increase was noted in 1933, and since that time it has risen steadily through 1942, when the new high seeding of 585,000 acres was reported, as compared with the 1932 figure of 21,000 acres. The 1942 figure, while a record, falls below the intentions to plant last spring. The acreage expansion has been particularly marked in Cork County, where 20 percent of last year's Irish wheat crop was harvested. Wheat is reported to be in generally good condition with prospects of good quality unless unfavorable weather occurs during harvest. The yield per acre for 1941 averaged around 35 bushels, and it is anticipated that the current outturn may approach 37 bushels per acre, which would mean a harvest of around 22 million bushels. If this all-time record should be achieved, the crop should almost meet normal domestic requirements.

Good weather during much of July and August also improved the outlook for the oats crop considerably. Whereas earlier indications were rather unfavorable, present prospects are for a yield of around 70 bushels per acre, which would, on the indicated acreage, result in an outturn of around 62 million bushels. This would be much in excess of the previous record of 51 million bushels in 1940. If these favorable prospects materialize, the increased production will be useful in helping to overcome the feedstuffs shortage in the country.

High prices for barley and the shortage of feed grains encouraged the expanded acreage of barley this year. Though the condition of the crop varies somewhat, the prospects are, in general, considered very promising, and a yield per acre of 47 to 50 bushels is indicated.

The Minister of Agriculture has fixed the following prices for grain of the 1942 harvest purchased from growers during the season beginning August 17, 1942:

<u>Grain</u>	<u>Dollars</u>
Wheat weighing not less than 57 pounds per bushel	<u>per bushel</u> 2.16
Barley	1.51
Oats -	
Minimum .....	.69
Maximum .....	.84

The order stipulates that only licensed millers, licensed wheat dealers, or licensed agents of millers may have possession of wheat sold by a farmer for milling. Only persons buying cereals for seeding on land being cultivated by themselves may buy wheat or barley without special authorization.

The average price of bread per 2-pound loaf in the summer of 1942 was reported to be the equivalent of 9.6 cents in United States currency.

IRELAND: Grain acreage and production, average 1934-1938,
annual 1939-1942

Year	Wheat		Oats		Barley	
	Acreage	Production	Acreage	Production	Acreage	Production
	1,000 acres	1,000 bushels	1,000 acres	1,000 bushels	1,000 acres	1,000 bushels
Average -						
1934-1938	192	6,543	580	39,562	132	6,080
1939	255	10,377	537	37,776	74	3,654
1940	305	11,681	681	50,707	132	6,481
1941	463	16,255	782	47,910	163	6,670
1942	585	a/22,000	881	a/62,000	186	a/9,000

Compiled from official and unofficial sources. a/ Indications based on acreage estimates and trade forecasts of expected yields.

CANADA AUTHORIZES EXPORTS OF FEED GRAINS
TO THE UNITED STATES . . .

On August 22 the Canadian Agricultural Supplies Board authorized permits for exporting western-grown oats, barley, and rye to the United States to be issued freely, subject to approval of the Canadian Wheat Board. The permits are reported to be valid until November 30, 1942. This order includes feed grains produced only in areas not eligible to receive grain under the Dominion Government Freight Assistance policy. Export permits for malting barley from eastern Canada are also authorized if approved by the Board.

The Canadian Wheat Board on August 22 also called attention to its previously announced policy of giving full support to prices of all grades of oats and barley falling within the terms of the order of March 9, 1942, effective August 1, 1942. Prices of barley and oats, basis in store Fort William - Port Arthur, are now down almost to the level at which the Board has bids for them, as listed on the following page.

Barley -	Cents per bushel
Nos. 1 and 2 C. W.	60
No. 3 C. W.	58
No. 1 Feed	56
Oats -	
No. 2 C. W.	45
Extra No. 3 C. W., No. 3 C. W. and Extra	
No. 1 Feed	42
No. 1 Feed	40

It is reported that the Board states that there is no reason for any producer to accept lower prices than those listed, after allowance for freight and handling charges have been made. It also indicates an interest in seeing the lower grades of oats and barley sell at a price in a reasonable relationship to regulated grades, with due regard to new supply and demand conditions.

BOLIVIAN RICE IMPORTS TO CONTINUE . . .

Rice production in Bolivia has shown little change in recent years, unlike many other Latin American countries where production has been expanding. Bolivian production in 1942 and 1943 is expected to continue at the present level, representing about 40 percent of the total domestic requirements. The demand for rice, it is believed, will be well maintained on account of the increased industrial activity within the country. Rice imports during 1938 to 1941 averaged over 23 million pounds, and for the past 2 years imports have been from the neighboring countries, primarily Chile and Brazil. It is expected that Ecuador will supply a substantial quantity during the current year also.

BOLIVIA: Rice production, imports, and apparent domestic utilization, 1938-1941

Year	Production		Imports	Apparent domestic utilization
	Rough	Milled		
	1,000 bushels	1,000 pounds	1,000 pounds	1,000 pounds
1938	673	18,695	25,015	43,710
1939	661	18,364	13,266	31,630
1940	501	13,924	25,683	39,607
1941	675	18,739	27,260	45,999

Compiled from official sources and consular report.

V E G E T A B L E O I L S A N D O I L S E E D S

COLOMBIA INCREASES PRODUCTION
OF SESAME SEED . . .

Production and consumption of sesame seed in Colombia have increased annually since 1936. Prior to that time it was unimportant in the vegetable-oil industry. The crop just harvested amounted to 7,357,000 pounds compared with about 3,500,000 pounds in 1941 and 850,000 pounds, the 5-year average for 1936-1940. Two crops are produced annually; planting takes place in March and September and harvesting in January and August. The variety of seed found in Colombia is a mixture of "white" and "native." The latter usually produces more seed but less oil than the white. Growers have shown little interest in the selection of seed, however, since the Government's fixed price is by weight without regard for the yield in oil.

Sesame seed can now be sold at a minimum price of 190 pesos per metric ton (\$98.50 per short ton) placed in vegetable-oil factories in Medellin, Armenia, Armero, or Barranquilla. The future outlook for this crop is bright insofar as concerns domestic consumption, as Colombia uses an ever-increasing amount of vegetable-oil materials and, for the present at least, there is an insufficient supply of copra. Continued progress of this crop depends principally upon the maintenance of the Government policy of fixed prices. In normal times it is doubtful if the Colombian producer could compete with imported raw materials.

COLOMBIA: Imports of copra by country of origin, 1941 a/

Country of origin	Imports	Country of origin	Imports
	<u>Pounds</u>		<u>Pounds</u>
United States	540,998	New Guinea	622,989
Philippines	990,674	Tahiti	11,304,662
British Honduras	92,265	Trinidad and Tabago..	<u>2,268,117</u>
Netherlands Indies ..	3,884,238	Total	19,703,943

American Embassy, Bogota, Colombia.
a/ Preliminary.

Sesame-seed oil is used exclusively in the manufacture of vegetable shortening in Colombia. For this purpose it is mixed with coconut oil, because the consuming public has become accustomed to this mixture and might not readily purchase shortening made from sesame oil alone. Most of the cake is sold for livestock feed, although limited quantities are used as fertilizer. The cake from the mill at Armero, Tolima, is sold in entirety, under contract, 19.50 pesos per metric ton (\$10.10 per short ton), to a Government organization that resells at cost plus handling charges to farmers in various parts of the country. Cake from the coastal

mills is generally sold within the country, but in the past some has been exported to Curacao, Costa Rica, and Panama at 22 to 23 pesos per metric ton (\$11.40 to \$11.90 per short ton) f.o.b. factory.

COLOMBIA: Domestic and imported materials used in the production of vegetable shortening, 1937-1941

Material	1937	1938	1939	1940	1941
	1,000	1,000	1,000	1,000	1,000
<u>DOMESTIC</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
Sesame seed	291	865	750	2,020	3,353
Almonds of noli a/	1,030	28	-	731	525
Tamaca nuts	12	-	-	3	-
Babassu nuts b/	384	-	494	443	219
Copra	1,691	2,600	5,960	3,633	2,741
Curmita	11	25	-	-	-
Peanuts	40	84	6	1	-
Cotton seed	15,901	15,081	16,455	9,576	14,392
Castor beans	1,341	2,246	1,120	2,167	2,149
Palm oil	-	113	-	-	-
Tamaca oil	-	3	-	-	-
Coconuts	-	765	-	-	-
Total domestic	20,701	21,810	24,785	18,574	23,379
<u>IMPORTED</u>					
Copra	16,961	14,310	12,591	19,838	15,680
Castor beans	-	-	2,185	-	-
Total imported	16,961	14,310	14,776	19,838	15,680

Compiled from consular reports.

a/ Coquito kernels. b/ True babassu nuts are not produced in Colombia. These figures actually refer to a nut from a Scheela palm generally known as "corozo" or "palma de vino."

There are a number of factories that have contracts with the Colombian Government to produce shortening of a stipulated quality and to buy domestically produced raw materials at Government-fixed prices in return for a reduction of the duty on imported materials. One minor difficulty connected indirectly with this industry is the present inability of the vegetable shortening plants to obtain cans for packing. They are resorting to the use of wooden boxes with and without paper linings but have not found a satisfactory solution to their problem.

Imports of sesame seed have been negligible. It is reported that small quantities were brought in, mostly by the Government to be used for experimental purposes. There is an impending shortage of vegetable oil, now that imports of copra from Trinidad and the Far East have been cut off. During the past 5 years imported copra has accounted for approximately 75 percent of the raw material used in the industry.

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The Government has consistently encouraged the growing of cotton, sesame, and coconuts. Recently the Instituto de Fomento Industrial, a Government organization designed to encourage the industrial development of the country, invested in an experimental pilot plant for the extraction of oil from palm nuts. There are fairly extensive palm forests in various parts of the country, and it is hoped that they can be exploited soon.

CHILEAN SUNFLOWER-SEED HARVEST SATISFACTORY . . .

The Chilean Government's effort to increase oilseed production is showing results. An official estimate places 1941-42 sunflower-seed production at 8,566,000 pounds from 17,600 acres. Figures for earlier years are not available, although this year's output is reported to be double that of last year. Much of the credit for the increase in sunflower production is due to the work of the Committee for the Development of Oleaginous Seed Production (Comite de Fomento de Oleaginosas) which has been actively campaigning for production of most of the principal oilseed plants in Chile, according to a report received in the Office of Foreign Agricultural Relations. Special prices have been offered for seeds for planting, and an intensive campaign has been in progress, with special emphasis being placed on production of sunflower seed.

In former years Chile has, to a great extent, depended upon imported vegetable oils and oilseeds to supply demands. In 1940 imports of sunflower seed amounted to 32,349,000 pounds, and other seeds totaled 111,976,000 pounds. Imports of oil during the same year were only 1,853,000 pounds compared with 4,530,000 in 1939.

CHILE: Imports of vegetable oilseeds, 1939 and 1940

Type of oilseed	Imports	
	1939	1940
	1,000 pounds	1,000 pounds
Flaxseed	3,153	3,971
Safflower	1,116	1,511
Kapok	8,003	163
Sunflower	-	32,349
Cottonseed	88,004	80,704
Copra	59	59
Peanuts - Shelled	6,151	24,611
Unshelled	1,309	935
Rapeseed	-	22
Total	107,795	144,325

Compiled from official sources.

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C O T T O N - O T H E R F I B E R S

SOUTHERN BRAZIL COTTON ACREAGE
MAY BE INCREASED NEXT YEAR . . .

The area now being planted (September-November) to cotton in Southern Brazil is expected to be increased by 20 to 30 percent above that planted last year. The prospective increase is attributed to high prices paid in recent months for last year's cotton and the shift by coffee growers to cotton cultivation because of the severe damage done to coffee trees by freezing weather in June. The less favorable outlook for coffee exports than for cotton also is a factor. More inter-planting of cotton, castor beans, and peanuts among coffee trees is planned to meet increased allied and domestic demand for vegetable oils. A shortage of local storage space for unginmed cotton and the rationing of gasoline (instituted in May or June and sharply reduced in July) may limit cotton acreage expansion to some extent, especially in areas that depend on truck transportation for movement of cotton.

The 1941-42 crop in São Paulo is now estimated by private sources at about 1,245,000 bales compared with the latest official estimate of 1,476,000 bales released late in May. Production in other southern States is believed to have equaled about 50,000 bales as against the official estimate of 70,000. On this basis the 1941-42 cotton crop for all Brazil may have been about 250,000 bales less than the preliminary official estimate of 2,034,000 bales. Only 987,000 bales of São Paulo cotton had been classified by the Merchants Exchange prior to July 31, 1942, compared with 1,406,000 bales last year. To that date, 38 percent of all São Paulo cotton had been classified as type 5 or better. In earlier years the percentage of type 5 for corresponding periods ranged between 67 percent in 1940-41 and 87 percent in 1939-40.

Prices of São Paulo cotton rose sharply from 61 milreis per arroba (10.00 cents per pound) for type 5 on July 1 to 67.5 milreis (11.06 cents) on July 18 but by mid-August had declined steadily to a level of 61 to 62 milreis (10.00 to 10.16 cents), where they have remained to date. Scarcity of good grade cotton caused an increase in premiums for type 4 from 1.5 milreis (0.25 cent) on June 15 to 7 milreis (1.15 cents) on July 30. For the same reason, discounts for type 7 increased from 6.5 to 11 milreis (1.07 to 1.80 cents) during the same period. Speculative buying in São Paulo, based partly on rumors of a possible United States-Brazilian cotton-purchase agreement with resulting acreage control, was the chief factor responsible for the price rise in July, although some individuals were reported to have bought cotton as a protection against inflation. Early in July, Government officials generally favored acreage control for the next crop but later disapproved because of the strong demand for cotton byproducts, including linters, cottonseed oil, and cake. Reduction of freight space for olive-oil imports from Portugal is causing domestic consumers to rely more on margarine made from cottonseed and other vegetable oils.

Domestic cotton mills are still operating at or near capacity levels but are handicapped to some extent by inability to obtain sufficient replacements or parts for textile machinery. Consumption during the year ending February 28, 1943, is privately forecast at 738,000 bales compared with an earlier estimate of 784,000.

EGYPTIAN GOVERNMENT TO FINANCE
1942 COTTON CROP . . .

The Prime Minister of Egypt announced on September 9 that the Government would purchase all cotton from the 1942 crop offered before May 31, 1943. Prices for Fully Good Fair grades of Ashmouni and Giza 7 were set at 20 and 25 talaris, respectively, per kantar (16.66 and 20.81 cents per pound). The 1941 price schedule provided for payment of 16.25 and 17.25 talaris (13.54 and 14.37 cents), respectively, for these varieties and grades, which includes the premium of 2 talaris (1.67 cents) paid by the Egyptian Government (see Foreign Crops and Markets, November 3, 1941). Any contracts for 1942 cotton previously made at lower prices will be cancelled by a special order to be issued later. A new schedule of premiums and discounts for other types and grades also is to be fixed by a technical commission.

The fixed price for cottonseed was raised from 65 to 100 piasters per ardeb (\$4.01 to \$6.17 per short ton). The markets for both cotton and cottonseed remain free as in previous years except for minimum price support provided by Government purchases. The increase in the price schedule for 1942 was based on increased cost of production in Egypt rather than any improvement in the outlook for disposal of the crop.

The 1942 cotton crop in Egypt has been variously estimated by private sources at 800,000 to 900,000 bales (of 478 pounds), or about half of last year's production of 1,735,000 bales. A recent report indicates, however, that even this figure may be too high for 1942 because the proportion of extra long staple cotton, which yields around 380 pounds per acre, will be much greater this year. Medium long staple varieties (Ashmouni and Zagora), which yield 475 to 575 pounds per acre and represented 60 percent of the 1941 crop (see Foreign Crops and Markets, August 17, 1942), will amount to only 200,000 bales, or less than 35 percent of this year's crop. For this reason sources in the Ministry of Agriculture believe that the 1942 crop will be equivalent to 580,000 to 620,000 bales (of 478 pounds) of all varieties. The Prime Minister pointed out in his announcement of the new price schedule that, in view of the heavy stocks now on hand, cultivation of medium long staple varieties in Lower Egypt may be prohibited next year. He also stated that a 50-percent tax would be imposed on all net profits above 12 percent made by the cotton trade.

Exports of cotton from Egypt amounted to only 17,000 bales in August 1942 compared with 171,000 for August 1941. No shipments to the United States have been reported since June 1942. Domestic consumption during the 10 months ended June 30, 1942, amounted to 143,000 bales as against 130,000 a year ago. Stocks on hand at the end of June 1942 amounted to 1,924,000 bales compared with 1,491,000 a year earlier.

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COTTON CONSUMPTION IN CANADA
GAINS SLIGHTLY . . .

Consumption of cotton for all purposes in Canada during July was estimated at 42,000 bales, representing a small gain over the low figure of 37,000 bales reported for the previous month. The total for August-July 1941-42 amounted to 506,032 bales compared with 477,598 for 1940-41 and 447,656 for 1939-40. Cotton mills are operating at about 70 percent of capacity with sufficient orders on hand to maintain operations at this level for about 1 year. Demand for cotton goods is strong, but mill output is limited largely by a shortage of skilled labor.

CANADA: Raw-cotton consumption by months,
January 1937 to July 1942 a/
(In bales of 500 pounds gross)

Month	: 1937	: 1938	: 1939	: 1940	: 1941 b/	: 1942 b/
	Bales	Bales	Bales	Bales	Bales	Bales
January	26,946	23,574	19,083	35,292	38,358	42,211
February	28,522	21,287	20,254	39,370	40,756	41,924
March	32,990	25,552	24,736	40,286	41,305	47,876
April	33,003	24,182	21,128	39,670	42,113	44,391
May	31,732	24,114	24,637	40,788	41,005	42,237
June	33,667	23,088	28,202	37,335	39,678	36,927
July	28,400	19,468	26,866	38,921	42,519	41,873
August	11,430	22,209	32,317	36,763	36,127	-
September	30,654	26,091	30,011	35,419	42,550	-
October	27,714	24,667	34,718	40,578	47,794	-
November	27,086	23,330	42,200	39,643	41,695	-
December	22,384	24,760	36,748	39,461	40,427	-
Total	334,528	282,322	340,900	463,526	494,327	-

Cotton Institute of Canada and Dominion Bureau of Statistics.

a/ Figures for 1937 to 1940 inclusive, were revised by the Institute as of August 19, 1942. Subsequent figures are subject to later revision.

b/ Preliminary.

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Cotton-buying activity has virtually ceased since the United States cotton-export program was discontinued on July 22, 1942. Imports from the United States, however, are still arriving in large volume as exporters hasten to make deliveries before the September 30 deadline set by the Commodity Credit Corporation for subsidy payments. Existing stocks are heavy, and the shortage of storage space for incoming shipments is a major problem. Contracts for 50,000 to 60,000 bales of Brazilian cotton (types 4 and 5) have been canceled because of shipping difficulties. The only deliveries of South American growths being made are obtained from the small stocks already in the United States.

CANADA: Imports of cotton by country of purchase, 1939-1942

Country <u>a/</u>	Year ended July 31			
	1939	1940	1941	1942
	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>
United States	251,756	458,737	188,958	293,988
Brazil	1,348	11,340	254,947	270,588
Egypt	8,388	15,204	13,857	21,015
British India	1,613	2,234	1,919	4,262
Peru	b/	0	3,355	18,115
Paraguay	b/	b/	b/	4,295
Others	597	170	414	978
Total	263,702	487,685	463,450	613,241

Compiled from official sources. a/ Data related to country where purchased, not necessarily country of origin. b/ If any, included in "Others."

COTTON PRICES FIXED IN FRENCH WEST AFRICA . . .

Local prices of cotton in French West Africa were fixed by colonial officials in two recent orders published on July 1 and 15. Maximum prices at local ginneries were fixed at 19,419 francs per metric ton (20.08 cents per pound) for "selected" Allen variety at Bamako, French Sudan, and 18,859 francs (19.50 cents) at Bobo-Dioulasso, Ivory Coast. Prices of Budi "selected" were fixed at 17,824 francs (18.43 cents) at Bamako, and 15,960 francs (16.51 cents) for run-of-the-crop grades at Bobo-Dioulasso. Prices of Isham cotton at Bouake, Ivory Coast, were fixed at 18,546 francs (19.18 cents) for "selected" and 16,828 francs (17.40 cents) for run-of-the-crop.

Exports of cotton from French West Africa (including Senegal, Sudan, Mauretania, Ivory Coast, and Dahomey) amounted to 15,512 bales (of 478 pounds) in 1939, 22,169 in 1938, 18,065 in 1937, and 15,928 in 1936. Shipments to France accounted for 58 to 83 percent of the total. Most of the remainder was exported to the United Kingdom.

L I V E S T O C K A N D A N I M A L P R O D U C T SNEW CANADIAN-BRITISH BACON AGREEMENTEXPECTED TO COVER LARGER QUANTITY . . .

Early indications are that the fourth Canadian-British bacon agreement will be for 700 million pounds of Wiltshire sides. This is the quantity requested by the British Food Ministry and exceeds the quantity specified in the third contract by 100 million pounds. Information concerning the contract price and other details is not yet available.

In order to provide this additional bacon, a further production of 1,500,000 hogs would be necessary. As a result of shortages of other foods, it appears likely that the Canadian Government will ask Canadian hog owners to produce for marketing at least 3 million more hogs in the present contract year (September 1 - August 31). It is estimated that 6,506,000 hogs were slaughtered during the 1941-42 year against 6,173,000 in 1940-41 and 4,602,000 in 1939-40.

CANADA: Hog marketings, inspected slaughter, and bacon exports, contract years, 1938-39 to 1941-42

Crop year September-August	Hog marketings			Inspected slaughter	Bacon exports
	Eastern Canada	Western Canada	Total		
	1,000	1,000	1,000	1,000	1,000
	head	head	head	head	pounds
1938-39	1,962	1,268	3,230	3,187	160,926
1939-40 - 1st war year	2,458	2,179	4,637	4,602	291,132
1940-41 - 2nd war year	2,920	3,161	6,081	6,173	443,238
1941-42 - 3rd war year	a/2,683	a/ 3,884	a/ 6,567	a/6,506	a/535,702
Compiled from official sources. a/ August estimated.					

Statistics of hog marketing show that a decrease occurred in 1941-42 in eastern Canada and a substantial increase in western Canada. The increase in western Canada was sufficient to bring total marketings in 1941-42 to 6,567,000 head, or 6 percent above 1940-41.

The reduction in hog marketings in eastern Canada in 1941-42 was caused chiefly by the lower contract price for bacon specified in the second contract year (1940-41). The first contract price was \$18.02 in Canadian currency per 100 pounds for grade A Wiltshire sides (\$16.38 United States currency 1/) f.o.b. Atlantic seaboard, whereas the price in the second contract was only \$15.82 (\$14.38 United States). Many farmers, especially in eastern Canada, felt that they could not produce hogs at this price and consequently marketed their sows. The price was increased later in the contract year, but this was too late as the heavy marketing had already taken place in eastern Canada. Whereas a farmer

1/ Converted at official rate, i.e., 90.91 cents = \$1 United States.

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can get out of production in a day by liquidating his sows, it takes at least a year to get back into production. The reduction in price affected hog marketings especially in the east, owing to the fact that the feed grains are produced chiefly in the west. A price that may cause an eastern producer to lose money may have a margin of profit for the western producer. In Canada it takes about 6 pounds of grain to produce 1 pound of Wiltshire bacon.

The price in the third contract year was increased materially to \$19.77 (\$17.97 United States) per 100 pounds. This higher price resulted in an increase in marketings of about 700,000 head, all in western Canada. If the price quoted in the second contract had been higher, it is believed that the increase might have been at least twice that number. As it is, Canada probably fell at least 60 million pounds short of meeting the British contract for 1941-42 (September-August).

The recent report of the Canada Packers, Limited, stresses the necessity of hog improvement in order to hold the British market after the war. At present, Canada is raising a surplus above domestic requirements of about 4,000,000 hogs, or the equivalent of 80,000 hogs weekly. At the end of the war the surplus may be much greater, and, unless the hogs meet the quality requirements of the British market, Canadian producers will face a crisis.

Prior to the war, the United Kingdom purchased the product of about 137,000 hogs weekly, 65,000 representing Danish hogs and 33,000 Canadian. After the war Canada must find a market in the United Kingdom for at least 80,000 hogs weekly. In order to obtain such a quota it is felt that the Canadian product should be at least equal in quality to the best bacon procurable from other countries. Canadian meat packers feel that now is the time to effect this improvement and that a senior Government officer should be assigned to the special job. The number of hogs on hand as of June 1, 1942, has not yet been released but is expected to reach 7,000,000. On June 1, 1941, hog numbers were estimated at 5,994,000 against 5,882,000 in 1940, 4,294,000 in 1939, and 3,487,000 in 1938.

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SHIFT IN NEW ZEALAND BUTTER-CHEESE PRODUCTION . . .

The British Ministry of Food requested that the New Zealand production of butter for export be increased and that of cheese reduced, according to reports received in the Office of Foreign Agricultural Relations. This is a modification of the program undertaken in the 1940-41 season, and will mean a return to approximately the pre-war position. It is thought that the reason for the British change of policy is the reduced butter imports in Britain and the increased shipments of cheese from the United States and Canada.

Butter gradings for export averaged 315 million pounds annually in the 5 years preceding the war, while cheese gradings averaged 194 million pounds for this pre-war period. The 1940-41 season saw the beginning of a change in production, following the British proposals that Empire countries export more cheese and less butter to the United Kingdom. The greater nutritive value of cheese accounted for its preference over butter. It is to be noted that the full effect of this preference for cheese was felt in the 1941-42 season when the contract stipulated an increase of 118 million pounds of cheese and a decrease of 67 million pounds of butter over the 1940-41 season. The goal of the 1942-43 production year with respect to butter for export was not stated, but New Zealand sources indicate that this might be in the neighborhood of 314 million pounds. Cheese production for export would be planned to yield 202 million pounds as compared with the goal of 358 million pounds during the 1941-42 season.

NEW ZEALAND: Butter and cheese contracts with the
British Ministry of Food, 1939-40 to 1941-42

Contract year (September-August)	Butter	Cheese
	<u>Million pounds</u>	<u>Million pounds</u>
1939-40	258	187
1940-41	269	240
1941-42	202	358

Compiled from official sources.

Steps were taken in New Zealand to put into effect the British request, and it was expected that the change back from cheese to butter would have been made on or about August 1, 1942. Those producers who changed over from butter to cheese in the 1940-41 and 1941-42 seasons, and are now returning to butter again, will receive a premium of 2 cents per pound on butterfat during 1942-43. A year ago the request was made for the production of 358 million pounds of cheese during the 1941-42 season, and, although this objective was not reached, a creditable effort was made, which involved considerable expense and reorganization. The success of New Zealand's attempt to direct the flow of milk to cheese factories is demonstrated in the following table.

NEW ZEALAND: Gradings of butter and cheese for export,
1937-38 to 1941-42

Year (August-July)	Butter	Cheese
	<u>Thousand pounds</u>	<u>Thousand pounds</u>
1937-38	319,950	191,453
1938-39	273,889	182,576
1939-40	298,598	209,872
1940-41	312,355	266,334
August-June - 1940-41	309,604	264,327
1941-42	229,853	340,386

Compiled from official sources.

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It was pointed out that the transportation problem would be reduced by the delivery of cream for butter as against whole milk for cheese from farms to factories, and this was a welcome factor in view of the gasoline, rubber, and labor shortage.

PROSPECTS OF LARGE WOOL CARRY-OVER
IN ARGENTINA AND URUGUAY . . .

The Argentine wool market experienced some activity in August when sales, sufficient to maintain prices of fine wools, were made to local manufacturers, to Brazil, and to Sweden. Sales to the United States were extremely restricted, owing to the inability of importers to secure import permits for coarse wool and the lack of American interest in the remaining stocks of fine wool at current Argentine prices. The prospect of securing United States import permits caused a strengthening in prices of coarse wool early in September.

The price of coarse crossbred wool at Central Produce Market, Avellaneda (near Buenos Aires), and in private transactions in Buenos Aires was only 8.43 pesos per 10-kilograms (11 cents per pound, United States currency ¹/₂), grease basis, in July 1942 against 12.36 pesos (17 cents) in July 1941 and a July average for 1936-1940 of 10.78 pesos (16 cents). The price of fine wools was relatively high, fine crossbred being quoted at 16.45 pesos (22 cents) in July against 17.80 pesos (24 cents) in July 1941 and a 5-year average of 12.59 pesos (18 cents).

Apparent supplies of wool still remaining for export as of September 1 totaled approximately 155 million pounds, an increase of 24 percent above the same date of 1941 and 66 percent above 1939. As the season ends September 30, it appears that the carry-over into the new season will be considerably larger than usual despite average or above-normal shipments in June, July, and August. Commercial stocks of wool as of July 1, including that held for foreign countries but not yet delivered, totaled 190 million pounds, an increase of 78 percent above a year ago and 62 percent above 1940, when they were much larger than normal. In addition, there were 29 million pounds on hand that had been sold to continental European countries, to which deliveries cannot now be made.

The bulk of the stocks on hand consisted of fine crossbred, which represented 28 percent of the total; second clip wool (fall clip), 25 percent; fine (merino) wool, 17 percent; and coarse and criolla wool, 9 percent. Exporters held the larger proportion of the wool on hand, or 38 percent; consignees held 35 percent; local scouring plants, 14 percent; and local manufacturers, 9 percent.

¹/₂ Conversions to United States currency made at official rate of exchange, i.e., 1 peso = 29.77 cents.

ARGENTINA: Commercial wool stocks, July 1, 1939-1942

Description	July 1 wool stocks			
	1939	1940	1941	1942
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Current clip -				
Fine	11,400	a/	b/ 11,316	27,231
Fine crossbred	30,100	a/	b/ 23,457	46,017
Medium crossbred	4,200	a/	b/ 3,801	4,954
Coarse crossbred	5,000	a/	b/ 9,881	13,400
Criolla (native)	-	a/	b/ 1,021	1,594
Second clip	21,000	a/	b/ 35,562	41,186
Other	8,900	a/	b/ 21,746	27,153
Total current clip	80,600	117,377	c/	161,535
Held for continental European countries from earlier clips....	-	-	12,937	28,909
Total	80,600	117,377	106,784	190,444
Held by -				
Exporters -	31,200	a/	53,428	-
Current	-	-	-	43,755
Stored	-	-	-	28,909
Dealers	27,500	a/	16,744	4,753
Consignees	-	-	-	64,553
Scouring establishments	12,800	a/	22,608	25,772
Manufacturers	6,200	a/	10,968	16,819
Packing houses	2,900	a/	2,456	4,900
Fulleries	-	a/	580	983
Total	80,600	117,377	106,784	190,444

Compiled from official sources. a/ Not available in detail. b/ Wool sold to continental Europe, but not yet delivered, not separately distinguished. c/ Included in figures showing distribution by kinds.

Exports of wool for the 11 months of the season through August 1/ are provisionally estimated at 246 million pounds, or about 60 percent of the unusually large exports of last season. Exports for the same months of the years 1935-36 to 1939-40 averaged 291 million pounds. So far this season the United States has taken around 92 percent of the total against 83 percent a year earlier. Statistics by countries of destination through July show a material reduction in exports to Japan to 1 million pounds from 27 million in the corresponding period of 1940-41. Exports to European countries, including the United Kingdom, amounted to only 6 million pounds against 29 million in 1940-41. There were slight increases to Brazil, Mexico, and other Latin American countries, but the quantities involved were relatively small.

1/ August exports computed from weekly cabled reports.

The Uruguayan wool market continues to be inactive. August exports were the smallest in many years, amounting to only 994,000 pounds. It appears that the carry-over into the new season, opening October 1, will be unusually large.

Apparent supplies for export as of September 1 are estimated at 57 million pounds, an amount four times as large as on the same date of 1941 and two-thirds larger than on September 1, 1940. These figures include all wool, sold and unsold. The quantity of sold wool included is not available. On July 1 it was estimated that, of the 58 million pounds on hand, 37 million were unsold.

Exports for the 11 months of the season through August totaled 55 million pounds, a reduction of 61 percent compared with the same period of 1940-41. Exports for this period of the 5 years, 1935-36 to 1939-40, averaged 109 million pounds. The United States took 76 percent of the total this season against 82 percent last season.

ARGENTINA AND URUGUAY: Exports of wool, October-August,
1940-41, 1941-42

Country of destination	Argentina		Uruguay	
	October-July		October-August	
	1940-41	1941-42	1940-41	1941-42
	Million pounds	Million pounds	Million pounds	Million pounds
<u>Non-European</u>				
United States	324.5	200.6	117.8	41.8
Brazil .....	.9	4.0	.4	.1
Mexico	1.1	2.9	1.2	1.2
Other Latin American ..	.4	2.0	.2	.4
Japan	27.1	1.4	7.5	.1
Other Asia .....	.1	-	.2	a/
South Africa	1.8	1.3	.2	-
Egypt .....	.5	-	-	-
Australia .....	.1	-	-	-
Total	356.5	212.2	127.5	43.6
<u>European</u>				
United Kingdom	9.5	1.1	-	-
Sweden	3.5	4.7	7.6	11.6
Russia	13.3	-	5.6	-
France	1.2	-	-	-
Switzerland .....	.3	.1	1.6	-
Finland .....	.8	-	.6	-
Others .....	.3	-	.1	-
Total	28.9	5.9	15.5	11.6
Total all countries	385.4	218.1	143.0	55.2

Compiled from official sources. a/ Less than 15,000 pounds.

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